

# 4.7 Employment & Unemployment

## Question Paper

Course	CIE IGCSE Economics
Section	4. Government & the Macroeconomy
Topic	4.7 Employment & Unemployment
Difficulty	Medium

**Time allowed:** 20  
**Score:** /14  
**Percentage:** /100

### Question 1

Which group should **not** be included in the measurement of unemployment?

- A. redundant unskilled workers seeking alternative work
- B. seasonal agricultural workers in out-of-season periods
- C. students over 18 years continuing with full-time education
- D. those who have left school and cannot get a job

[1 mark]

### Question 2

The table provides information about a country's labour market.

population size	2000000
labour force size	1200000
number of employed	900000
number of full-time students	100000

What is the unemployment rate of this country?

- A. 15%
- B. 25%
- C. 50%
- D. 75%

[1 mark]

### Question 3

During periods of high unemployment across the entire labour force, the highest unemployment rate in an economy is often in the 16–19 year-old age group.

Which statement explains why 16–19 year-olds may find it difficult to find a job?

- A. The incentive to earn an income is lower for that age group.
- B. Their wages are lower than those of adults.
- C. They lack both work experience and the necessary skills.
- D. They prefer leisure activities to long working hours.

[1 mark]

#### Question 4

What is an example of someone who lost their job because of structural unemployment?

- A. Aneesha lost her job as an engineer when her firm had to make redundancies in a recession.
- B. Jamie lost his job as an ice cream seller during the winter months when little ice cream was sold.
- C. Sunjeev decided to stop working and claim benefits when the government increased unemployment benefits.
- D. Sunjit lost his job as a bank worker when the bank replaced his job with a new computer system.

[1 mark]

#### Question 5

Why might a government decide to subsidise a high-cost steel industry?

- A. if cheaper imports of steel are improving the balance of payments
- B. if economic growth is increasing due to the success of other industries
- C. if redundant steel workers can easily be retrained
- D. if unemployment in steel producing areas is increasing

[1 mark]

#### Question 6

What describes frictional unemployment?

- A. unemployment caused by a general fall in economic activity
- B. unemployment caused by the time of year
- C. unemployment caused by wages being too high
- D. unemployment caused by workers searching for jobs

[1 mark]

### Question 7

Some governments in the European Union are trying to reduce unemployment.

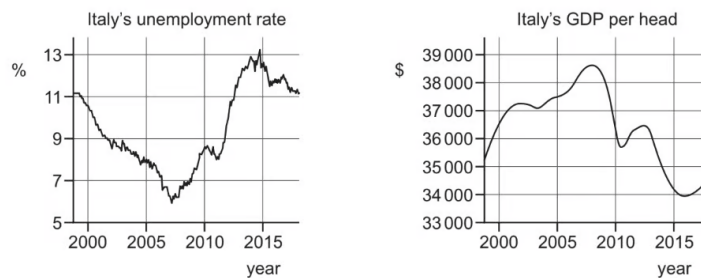
What should increase to achieve this?

- A. imports of goods
- B. interest rates
- C. public sector spending
- D. taxation of firms

[1 mark]

### Question 8

The diagrams show Italy's unemployment rate and GDP per head.



When do Italy's unemployment rate and GDP per head rise at the same time?

- A. 2000–2001
- B. 2007–2008
- C. 2009–2010
- D. 2014–2015

[1 mark]

### Question 9

Which type of unemployment is the result of a permanent fall in the demand for the products of an industry?

- A. cyclical
- B. frictional
- C. seasonal
- D. structural

[1 mark]

**Question 10**

What is most likely to have caused a long-term decrease in the numbers employed in the banking sector of an economy?

- A. frictional unemployment caused by relocating a bank's headquarters
- B. seasonal unemployment caused by reduced customer demand in the summer
- C. technological unemployment caused by an increase in internet banking
- D. voluntary unemployment caused by a reduction in wage rates

[1 mark]

**Question 11**

A country experienced its usual August increase in the rate of unemployment. Unfortunately this was followed by the loss of jobs resulting from the regular downturn in global economic activity.

Which types of unemployment occurred?

	first type of unemployment (August)	second type of unemployment (global downturn)
<b>A</b>	cyclical	structural
<b>B</b>	frictional	seasonal
<b>C</b>	seasonal	cyclical
<b>D</b>	structural	frictional

[1 mark]

**Question 12**

What is the **most** likely effect of raising the retirement age in a country?

- A. government spending increases
- B. net immigration increases
- C. spending on pensions increases
- D. working population increases

[1 mark]

**Question 13**

Which activity takes place in the tertiary sector?

- A. assembling computers
- B. giving legal advice
- C. harvesting grain
- D. making bread

**[1 mark]**

**Question 14**

There was a fall in investment spending by businesses in the third quarter of 2015.

What would be the likely result of this?

- A. an increase in economic growth
- B. an increase in exports
- C. an increase in incomes
- D. an increase in unemployment

**[1 mark]**